



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

October 13, 2011

Honorable Denise L. Nappier  
State Treasurer  
Office of State Treasurer  
55 Elm Street  
Hartford, CT 06106

Dear Treasurer Nappier,

Yesterday I received the attached letter from the Connecticut Housing Finance Authority (CHFA) regarding the imminent termination of the very successful Emergency Mortgage Assistance Program (EMAP) due to high demand and lack of resources. This program provides needed mortgage assistance to Connecticut homeowners who are facing foreclosure. As unemployment and foreclosure rates remain high, this program is vitally important to enable Connecticut families to remain in their homes and avoid homelessness.

The funding to support EMAP is authorized in C.G.S. §8-265bb for up to \$50 million in CHFA bonds. To date, \$30 million in bonds have been issued and are supported with payment by the state of approximately \$2.5 million in debt service.

Since EMAP is of critical importance to the state, I would like to propose a solution which will allow this program to continue to provide assistance to struggling homeowners in Connecticut. As you know, the September 20<sup>th</sup> Comptroller's letter identified a lapse of \$15 million in General Fund Debt Service. If a portion of this amount is committed to support debt service for EMAP, CHFA can issue the remaining \$20 million in bonds and continue to operate the program. The FY 12 cost to the state will depend upon when the bonds are issued, but in any case will likely be less than \$2 million. Assuming the full \$20 million in bonding is issued, the \$2 million needed for debt service in FY13 will be added to the Governor's FY13 midterm budget adjustments as a technical adjustment.

Please let me know as soon as possible if you agree with my recommendation to amend the current contract for state assistance for EMAP to allow for debt service payment on the full \$50 million which is authorized under statute. I very much appreciate your consideration of this proposal and would be happy to discuss it with you.

Sincerely,



Benjamin Barnes  
Secretary

# CONNECTICUT HOUSING FINANCE AUTHORITY

---

October 12, 2011

Secretary Benjamin Barnes  
Office of Policy and Management  
450 Capitol Avenue  
Hartford, CT 06106

Dear Secretary Barnes:

With more than 40,000 Connecticut homeowners seriously delinquent or in foreclosure, ever greater numbers of homeowners are turning to the Connecticut Housing Finance Authority (CHFA) for assistance. In this climate, one of CHFA's most valuable programs is the Emergency Mortgage Assistance Program (EMAP).

In response to this growing crisis, the EMAP Program has steadily increased loan activity since 2009, jumping from 74 loans in 2009 to 132 in 2010, and to roughly 250 through October of this year. Every day for the past month CHFA has, and continues, to receive roughly 5 to 7 new EMAP applications from homeowners facing foreclosure.

Each of these loans has allowed a homeowner to avoid imminent foreclosure and to remain in their homes. An EMAP loan brings the homeowner's mortgage current and provides a monthly subsidy for up to five years, based on income and ability to make payments. Homeowners are required to repay the EMAP loan and mortgage assistance is based on income and expenses of the eligible borrower.

EMAP was authorized in statute 8-265bb for \$50 million in CHFA bonds and \$30 million in bonds have been issued and supported with state-assisted debt service payments of approximately \$2.5 million. Of the \$30 million in bonds issued, nearly \$27 million has already been committed serving nearly 450 Connecticut homeowners.

Based on the current application rate, EMAP will run out of funding within a matter of weeks. I am therefore, writing to urgently seek your support and assistance in continuing this critically important program. Absent additional funding CHFA will soon be faced with initiating a "hard shut down" of the program within the next several weeks. Other than judicial mediation, this will leave struggling homeowners without options for saving their homes.

I cannot overstate the value of the Emergency Mortgage Assistance Program and its importance for homeowners and the state's economy. EMAP is a lifeline that provides a bridge for homeowners to bring their mortgages current and support them to remain in their homes. Preventing these foreclosures also directly contributes to neighborhood stability and prevents even more foreclosed homes from impeding the recovery of Connecticut's real estate market and larger economy.

I appreciate any assistance you can provide to allow this program to continue. Thank you for considering this request.

Sincerely,



Susan Whetstone  
Interim President – Executive Director

999 West Street / Rocky Hill, Connecticut 06067-4005 / 860-721-9501  
*An Affirmative Action / Equal Opportunity Employer*

